

Senate Amendment 3386

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1 1 Amend Senate File 434 as follows:
1 2 #1. By striking everything after the enacting
1 3 clause and inserting the following:
1 4 1 5 a, Code 2003, is amended by adding the following new
1 6 subparagraph:
1 7 NEW SUBPARAGRAPH. (4) Attendance of the
1 8 designated beneficiary at the United States military
1 9 academy, the United States naval academy, the United
1 10 States air force academy, the United States coast
1 11 guard academy, or the United States merchant marine
1 12 academy, to the extent that the amount of the payment
1 13 or distribution does not exceed the costs of advanced
1 14 education, as defined by 10 U.S.C. } 2005(e)(3), as in
1 15 effect on the date of the enactment of this
1 16 subparagraph, attributable to such attendance.
1 17 Sec. 2. Section 12D.9, subsection 1, paragraph f,
1 18 Code 2003, is amended to read as follows:
1 19 f. Pursuant to section 12D.5, subsection 1,
1 20 penalties are provided on refunds of earnings which
1 21 are not used for qualified higher education expenses
1 22 of the beneficiary, made on account of the death or
1 23 disability of the designated beneficiary, or made due
1 24 to scholarship, allowance, or payment receipt as
1 25 provided in section 529(b)(3) of the Internal Revenue
1 26 Code, or made in the amount of the costs for
1 27 attendance at the United States military, naval, air
1 28 force, coast guard, or merchant marine academy.
1 29 Sec. 3. Section 29A.28, Code 2003, is amended to
1 30 read as follows:
1 31 29A.28 LEAVE OF ABSENCE OF CIVIL EMPLOYEES.
1 32 1. All officers and employees of the state, or a
1 33 subdivision thereof, or a municipality other than
1 34 employees employed temporarily for six months or less,
1 35 who are members of the national guard, organized
1 36 reserves or any component part of the military, naval,
1 37 or air forces or nurse corps of this state or nation,
1 38 or who are or may be otherwise inducted into the
1 39 military service of this state or of the United
1 40 States, shall, when ordered by proper authority to
1 41 state active duty, active state service or federal
1 42 service, be entitled to a leave of absence from such
1 43 civil employment for the period of state active duty,
1 44 active state service, or federal service, without loss
1 45 of status or efficiency rating, and without loss of
1 46 pay during the first thirty days of such leave of
1 47 absence. Where state active duty, active state
1 48 service, or federal service is for a period less than
1 49 thirty days, a leave of absence under this section
1 50 shall only be required for those days that the civil
2 1 employee would normally perform services for the
2 2 state, subdivision of the state, or a municipality.
2 3 2. ~~The proper appointing authority may make a~~
2 4 ~~temporary appointment to A state agency, subdivision~~
2 5 ~~of the state, or municipality may hire a temporary~~
2 6 ~~employee to fill any vacancy created by such leave of~~
2 7 ~~absence. Temporary employees hired to fill a vacancy~~
2 8 ~~created by a leave of absence under this section shall~~
2 9 ~~not count against the number of full-time equivalent~~
2 10 ~~positions authorized for the state agency, subdivision~~
2 11 ~~of the state, or municipality.~~
2 12 3. Upon returning from a leave of absence under
2 13 this section, an employee shall be entitled to return
2 14 to the same position and classification held by the
2 15 employee at the time of entry into state active duty,
2 16 active state service, or federal service or to the
2 17 position and classification that the employee would
2 18 have been entitled to if the continuous civil service
2 19 of the employee had not been interrupted by state
2 20 active duty, active state service, or federal service.
2 21 Under this subsection, "position" includes the
2 22 geographical location of the position.
2 23 Sec. 4. Section 35.1, subsection 2, paragraph b,
2 24 Code 2003, is amended by adding the following new
2 25 subparagraph:

2 26 NEW SUBPARAGRAPH. (5) Former members of the armed
2 27 forces of the United States if any portion of their
2 28 term of enlistment would have occurred within the time
2 29 period specified in paragraph "a", subparagraph (9),
2 30 but who instead opted to serve five years in the
2 31 reserve forces of the United States, as allowed by
2 32 federal law, and who were discharged under honorable
2 33 conditions.

2 34 Sec. 5. Section 422.7, Code 2003, is amended by
2 35 adding the following new subsections:

2 36 NEW SUBSECTION. 39. Subtract, to the extent
2 37 included, active duty pay received by a person in the
2 38 national guard or armed forces military reserve for
2 39 service performed on or after January 1, 2003,
2 40 pursuant to military orders related to Operation Iraqi
2 41 Freedom, Operation Noble Eagle, and Operation Enduring
2 42 Freedom.

2 43 NEW SUBSECTION. 40. Subtract, not to exceed one
2 44 thousand five hundred dollars, the overnight
2 45 transportation, meals, and lodging expenses, to the
2 46 extent not reimbursed, incurred by the taxpayer for
2 47 travel away from home of more than one hundred miles
2 48 for the performance of services by the taxpayer as a
2 49 member of the national guard or armed forces military
2 50 reserve.

3 1 NEW SUBSECTION. 41. Subtract, to the extent
3 2 included, military student loan repayments received by
3 3 the taxpayer serving on active duty in the national
3 4 guard or armed forces military reserve or on active
3 5 duty status in the armed forces.

3 6 Sec. 6. Section 422.7, Code 2003, is amended by
3 7 adding the following new subsection:

3 8 NEW SUBSECTION. 42. Subtract, to the extent not
3 9 otherwise excluded, the amount of the death gratuity
3 10 payable under 10 U.S.C. } 1475=1491 for deaths
3 11 occurring after September 10, 2001.

3 12 Sec. 7. Section 422.9, subsection 2, Code 2003, is
3 13 amended by adding the following new paragraph:

3 14 NEW PARAGRAPH. j. If the taxpayer has a deduction
3 15 for miscellaneous expenses under section 67 of the
3 16 Internal Revenue Code, the taxpayer shall recompute
3 17 for the purposes of this subsection the amount of the
3 18 deduction under section 67 by excluding from the
3 19 expenses, the amount subtracted under section 422.7,
3 20 subsection 40.

3 21 Sec. 8. Section 422.21, unnumbered paragraph 2,
3 22 Code 2003, is amended to read as follows:

3 23 An individual in the armed forces of the United
3 24 States serving in an area designated by the president
3 25 of the United States or the United States Congress as
3 26 a combat zone or as a qualified hazardous duty area,
3 27 or deployed outside the United States away from the
3 28 individual's permanent duty station while

3 29 participating in an operation designated by the United
3 30 States secretary of defense as a contingency operation

3 31 as defined in 10 U.S.C. } 101(a)(13), or which became
3 32 such a contingency operation by the operation of law,

3 33 or an individual serving in support of those forces,
3 34 is allowed the same additional time period after
3 35 leaving the combat zone or the qualified hazardous
3 36 duty area, or ceasing to participate in such

3 37 contingency operation, or after a period of continuous
3 38 hospitalization, to file a state income tax return or

3 39 perform other acts related to the department, as would
3 40 constitute timely filing of the return or timely
3 41 performance of other acts described in section 7508(a)
3 42 of the Internal Revenue Code. For the purposes of

3 43 this paragraph, "other acts related to the department"
3 44 includes filing claims for refund for any tax
3 45 administered by the department, making tax payments
3 46 other than withholding payments, filing appeals on the

3 47 tax matters, filing other tax returns, and performing
3 48 other acts described in the department's rules. The
3 49 additional time period allowed applies to the spouse
3 50 of the individual described in this paragraph to the
4 1 extent the spouse files jointly or separately on the
4 2 combined return form with the individual or when the
4 3 spouse is a party with the individual to any matter
4 4 for which the additional time period is allowed.

4 5 Sec. 9. Section 422.34, subsection 2, Code 2003,
4 6 is amended by adding the following new unnumbered

4 7 paragraph:

4 8 NEW UNNUMBERED PARAGRAPH. An organization that
4 9 would have qualified as an organization exempt from
4 10 federal income tax under section 501(c)(19) of the
4 11 Internal Revenue Code but for the fact that the
4 12 requirement that substantially all of the members who
4 13 are not past or present members of the United States
4 14 armed forces is not met because such members include
4 15 ancestors or lineal descendants, shall be considered
4 16 for purposes of the exemption from taxation under this
4 17 division as an organization exempt from federal income
4 18 tax under section 501(c)(19) of the Internal Revenue
4 19 Code.

4 20 Sec. 10. STATE FUNDING. The military service tax
4 21 exemptions and credits provided pursuant to the
4 22 amendment to section 35.1 of this Act shall be funded
4 23 pursuant to chapter 426A and section 25B.7, subsection
4 24 2.

4 25 Sec. 11. EFFECTIVE AND APPLICABILITY DATES.

4 26 1. Except as provided in subsections 2, 3, 4, 5,
4 27 and 6, this Act, being deemed of immediate importance,
4 28 takes effect upon enactment and applies retroactively
4 29 to January 1, 2003, for tax years beginning on or
4 30 after that date.

4 31 2. Section 3 of this Act, being deemed of
4 32 immediate importance, takes effect upon enactment and
4 33 applies retroactively to January 1, 2003.

4 34 3. Section 4 of this Act amending section 35.1,
4 35 being deemed of immediate importance, takes effect
4 36 upon enactment.

4 37 4. Section 6 of this Act, amending section 422.7
4 38 to allow for the subtraction of additional death
4 39 gratuity benefits, being deemed of immediate
4 40 importance, takes effect upon enactment and applies
4 41 retroactively to tax years ending after September 10,
4 42 2001.

4 43 5. Section 8 of this Act, amending section 422.21,
4 44 being deemed of immediate importance, takes effect
4 45 upon enactment and applies to any period for
4 46 performing an act that has not expired before the
4 47 effective date.

4 48 6. Section 9 of this Act, amending section 422.34,
4 49 being deemed of immediate importance, takes effect
4 50 upon enactment and applies to tax years beginning
5 1 after the effective date.>

5 2 #2. Title page, by striking lines 1 through 5 and
5 3 inserting the following: 5 4 tax deductions and exemptions for military service
5 5 personnel and organizations, and including effective
5 6 and applicability date provisions.>

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5 11 SF 434.501 80

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